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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

METROPOLITAN LIFE INSURANCE
COMPANY,

Lead Case No. 1:24-cv-01261-KES-SAB

Consolidated with Case Nos: 1:24-cv-01226; 1:24-cv-01230; 1:24-cv-01231; 1:24-cv-01232; 1:24-cv-01233; 1:24-cv-01235; and 1:24-cv-01241

Plaintiff,

V.

ACDF, LLC, et al.,

Defendants.

**STATEMENT OF POSITION IN
RESPONSE TO EX PARTE
APPLICATION FOR APPROVAL OF
SALES PROCEDURES;
DECLARATION OF JASON
HOLLRAH IN SUPPORT THEREOF**

Judge: Hon. Kirk E. Sherriff

Date: March 3, 2025

Time: 1:30 p.m.

Crtrm: Robert E. Coyle U.S. Courthouse
2500 Tulare Street
Courtroom 6, 7th Floor
Fresno, CA 93721

Affects All Cases.

1
2 Defendants Touchstone Pistachio Company, LLC, ACAP Farms, LLC, ACDF, LLC,
3 Adams Grantor Land, LLC, Assemi and Sons, Inc., Bear Flag Farms, LLC, C&A Farms,
4 LLC, Cantua Orchards, LLC, Cooper Avenue Investments, LLC, Favier Ranch, LLC,
5 FFGT Farms, LLC, Graden Farms, LLC, Grantland Farms, LLC, Granville Farms, LLC,
6 Lincoln Grantor Farms, LLC, Manning Avenue Pistachios, LLC, Maricopa Orchards, LLC,
7 Panoche Pistachios, LLC, Sageberry Farms, LLC, Whitesbridge Farms, LLC, Willow
8 Avenue Investments, LLC, and Winston Farms, LLC (collectively, the “Maricopa
9 Defendants”) respectfully respond to the Receiver’s Motion for Approval of Sale
10 Procedures on an *Ex Parte* basis filed by Phillip Christensen, as Receiver (“Metropolitan
11 Receiver”) for Plaintiff Metropolitan Life Insurance Company (“Metropolitan”), based on
12 the below Declaration of Jason Hollrah. The Maricopa Defendants respectfully submit as
13 follows:

14 **I. INTRODUCTION**

15 The Maricopa Defendants do not, in principle, oppose the entry of an order
16 approving sales procedures. The Maricopa Defendants file this statement to ask that the
17 sales procedures in these cases, along with the U.S. Bank National Association case (1:24-
18 cv-01105) and Prudential Insurance Company of America case (1:24-cv-01102) where
19 receivers have also been appointed, include provisions for cooperation in the sales process
20 by all three receivers. Particularly, as discussed further below, the Metropolitan Receiver,
21 the U.S. Bank Receiver and the Prudential Receiver were each appointed to take control of
22 different parts of the real and personal property that, collectively, constitutes an integrated
23 farming and processing enterprise. The Maricopa Defendants are concerned that a
24 piecemeal sale that does not have procedures that account for potential buyers who want to
25 bid on the integrated enterprise or on properties that impact the water rights or other assets
26 of property of one of the other receivership estates, will not maximize the value of the

1 assets for the benefit of all creditors. Particularly, the sales processes in the three cases
2 should proceed in a fashion that allows the sales to progress along the same timelines with
3 similar procedures so that the sales can accommodate a buyer who wants to purchase the
4 entirety of the assets.

5 **II. SUMMARY OF RELEVANT BACKGROUND**

6 Before the appointment of receivers in this and the other actions, the Assemi family
7 managed an integrated farming and processing enterprise comprising tens of thousands of
8 acres, both planted and unplanted acres throughout the Central Valley. *See* Hollrah Decl.,
9 ¶ 3. Historically, financing that was extended by lenders to help fund the farming enterprise
10 was collateralized in a variety of different ways. *See id.*, ¶ 5. In some instances, the lender
11 encumbered the real property itself (*i.e.*, the “dirt”). *Id.* And in other instances, the lender
12 encumbered either the underlying business entity, or specific assets of the business entity,
13 such as the crops themselves. *Id.* Regardless of how the collateral was pledged in any
14 specific instance, the entirety of the farming enterprise was managed collectively as one
15 unit. *Id.*, ¶ 6. Segregating parcels such that a party is only entitled to farm specific
16 collateral is impracticable because some parcels are landlocked by other parcels and
17 because new infrastructure would be required to make it independently farmable from that
18 of the other parts of the enterprise, such as the construction of water wells or electric meters
19 for parcels that do not currently have such infrastructure. *See id.*, ¶ 8. Importantly in this
20 respect, the farming enterprise shares a complex water related infrastructure which is
21 essential to farming operations. *See id.*, 11. Put differently, the water infrastructure serves
22 the entirety of the farming assets, it is not segregated based on which property constitutes
23 collateral for a given loan.

24 Similarly, the pistachio processing facility owned by Defendant Touchstone goes
25 hand-in-hand with the farming assets because the pistachios grown on the agricultural land
26

1 are processed in the Touchstone facility. *See id.*, ¶ 4. Touchstone's processing assets, thus,
2 are worth more when it has contracts to process the pistachios grown on the land. Selling
3 the farming assets and the processing assets on a piecemeal basis deprives a potential buyer
4 of the enterprise value of purchasing the whole.

5 In these consolidated cases, the Metropolitan Receiver is seeking to sell a portion of
6 the agricultural lands that are part of the enterprise, comprised primarily of pistachio crops
7 and water assets in Fresno and Kern counties. At the same time, the Prudential Receiver
8 has control over agricultural lands, comprised primarily of pistachio crops in Fresno, Kings,
9 Kern and Madera counties. And, the U.S. Bank Receiver has control over the pistachio
10 processing facility assets.

11 The Maricopa Defendants understand that certain potential buyers have expressed an
12 interest in acquiring both the farming assets and the processing assets. *See id.*, ¶ 12. To
13 accommodate such buyers and to maximize value, the Maricopa Defendants have urged the
14 U.S. Bank Receiver to closely coordinate efforts with the Prudential Receiver, who has
15 expressed a keen willingness to cooperate and coordinate with the U.S. Bank Receiver. By
16 the same token, the Maricopa Defendants believe that coordination with the Metropolitan
17 Receiver would likewise serve to attract buyers who are interested in purchasing the entire
18 enterprise and protect against unintended consequences from selling a parcel that may
19 negatively impact the water rights or other assets of other parcels in other receivership
20 estates.

21 **III. THE RECEIVERS SHOULD COOPERATE TO MAXIMIZE VALUE**

22 While the Maricopa Defendants appreciate that the three receivers have control over
23 different collateral, and the Maricopa Defendants in no way seek to unduly delay the sale
24 process, approaching the sale of the farming and processing assets on an individual basis
25 does not serve the goal of maximizing value where the assets are designed to be and have
26 historically been operated as an integrated enterprise. In *SEC v. Champion-Cain*, Case No.

1 3:19-cv-1628, 2020 U.S. Dist. LEXIS 80717 (S.D. Cal. May 6, 2020), for example, that
2 Court found that the receiver was “acting in best interests of the receivership estate” when
3 she decided to sell a leasehold interest together with the personal property that was operated
4 at the premises, even though that meant the sale would be delayed, reasoning that avoiding
5 a piecemeal sale showed “a considered regard for the type of sale that would fetch the best
6 return for the estate overall.” *Id.* at *19-20. Although there are three receivers here, the
7 same considerations apply. Each of the receivers, including the Metropolitan Receiver,
8 should be approaching the sale process in a manner designed to “fetch” the best return
9 overall. Omitting, at the outset of the process, coordinated sales procedures that allow for
10 interested buyers to bid on the entire enterprise is contrary to that end. The Maricopa
11 Defendants are asking only that the three receivers work together to ensure that the market
12 is sufficiently tested with respect to obtaining the highest and best offer for all assets. This
13 is in line with the public notice and overbid provisions of 28 U.S.C. §§ 2001 and 2002, the
purpose of which is to secure bidders and bring about the best sale price. *Id.* at *20.

14 Further, this Court has very broad power to supervise and determine the appropriate
15 action to be taken in the administration of the receivership. *See S.E.C. v. Capital*
16 *Consultants, LLC*, 397 F.3d 733, 738 (9th Cir. 2005). “The basis for this broad deference to
17 the district court’s supervisory role in equity receiverships arises out of the fact that most
receiverships involve multiple parties and complex transactions.” *Id.* (quoting *S.E.C. v.*
18 *Hardy*, 803 F.2d 1034, 1037 (9th Cir. 1986)). This is also the case here, where there are
19 three separate receivers administering many interrelated parcels of real property subject to
20 separate liens held by unique lienholders. “Unless a statute in so many words, or by a
21 necessary and inescapable inference, restricts the court’s jurisdiction in equity, the full
22 scope of that jurisdiction is to be recognized and applied.” *S.E.C. v. Am. Capital*
23 *Investments, Inc.* 98 F.3d 1133, 1144 (9th Cir. 1996) (quoting *Reebok Int’l v. Marnatech*
24 *Enter., Inc.*, 970 F.2d 552, 561-62 (9th Cir. 1992)). Here, far from restricting the court’s
25 authority, 28 U.S.C. § 2001 provides that real property may be sold at public auction or by
26 private sale “upon such terms and conditions as the court directs,” and in the case of a

private sale, upon the court's finding "that the best interests of the estate will be conserved thereby." *See* 28 U.S.C. § 2001(a)-(b).

IV. CONCLUSION

For the reasons stated above, the Maricopa Defendants respectfully ask that the Court approve sales procedures that provide for cooperation among the Metropolitan Receiver, Prudential Receiver and U.S. Bank Receiver such that the sale process accommodates potential buyers interested in bidding on the farming and processing enterprise in its entirety. If necessary, the Maricopa Defendants will file a motion to coordinate the sales of the three receivers, along with a request for an evidentiary hearing on the benefits of implementing a coordinated sale process.

Respectfully submitted,

KELLER BENVENTUTI KIM LLP

By: /s/ Jane Kim
Jane Kim
Attorneys for the Maricopa Defendants

1 **DECLARATION OF JASON HOLLRAH**

2 I, Jason Hollrah, declare:

3 1. I am the Chief Executive Officer of the Assemi Group. I am over 18 years of
4 age. The statements contained in this declaration are true and based on my personal
5 knowledge, except as otherwise indicated. If called upon as a witness to testify to these
6 statements, I could and would competently do so under oath.

7 2. In my capacity as Chief Executive Officer of the Assemi Group, I am familiar
8 with many of the businesses entities that are the Defendants in this action, as well as the
9 collateral over which Metropolitan Life Insurance Company (“MetLife”) has imposed a
10 receivership.

11 3. Assemi Group provides management services for its related business entities,
12 including Maricopa Orchards LLC and Defendants ACDF, LLC, Assemi and Sons, Inc.,
13 Bear Flag Farms, LLC, C & A Farms, LLC, Cantua Orchards, LLC, Favier Ranch, LLC,
14 Grandon Farms, LLC, Lincoln Grantor Farms, LLC, Panoche Pistachios, LLC, and
15 Sageberry Farms, LLC (the “Maricopa Defendants”). Among other things, the Assemi
16 Group manages business entities and real property parcels of the Assemi family farming
17 enterprise comprising tens of thousands of acres, both planted and unplanted acres
18 throughout the Central Valley. In total, the planted and unplanted acres extend over
19 thousands of separate legal parcels and legal business entities.

20 4. As part of the business strategy, the ownership of the Maricopa Defendants
21 process crop grown on the agricultural land in the facility of Touchstone Pistachio
22 Company, LLC (“Touchstone”). There was economic advantage in processing the
23 agricultural products of the Maricopa Defendants in the Touchstone facility, as over the
24 long term, this integrated approach should enhance the value of the overall enterprise by
25 permitting a single ownership group to capture the profit margin of the producer and the
26 processor.

1 5. Historically, financing extended by lenders such as MetLife to help fund the
2 farming enterprise has been collateralized in a variety of different ways. For example, in
3 some instances, the lender has encumbered the real property itself (*i.e.*, the “dirt”). And in
4 other instances, the lender has encumbered either the underlying business entity, or specific
5 assets of the business entity, such as the crops themselves.

6 6. Regardless of how the collateral has been pledged in any specific instance, the
7 entirety of the farming enterprise is managed collectively as one unit.

8 7. I believe that given the complexity of the number of legal entities and legal
9 parcels it would take years to segregate the parcels in such a manner that would allow a
10 party to only farm specific collateral, as opposed to the enterprise as whole. At a minimum,
11 extensive surveys would need to be done and physical infrastructure would need to be
12 constructed.

13 8. In many cases, physical segregation of a parcel would be impossible because
14 the parcel would be landlocked by other parcels. In other parcels, new infrastructure would
15 be required to make it independently farmable from that of the other parts of the enterprise,
16 such as the construction of water wells or electric meters for parcels that do not currently
17 have such infrastructure.

18 9. In addition, even if such a segregation of collateral was physically possible to
19 achieve, I believe it would nonetheless be impossible to administer due to the complexity in
20 obtaining water rights that are needed to make the parcels productive for farming.

21 10. Each parcel owned by the Maricopa Defendants is in a water district. The
22 Maricopa Defendants’ property is in as many as 13 distinct water districts, with the majority
23 in three water districts. Each water district features different water rights. The Maricopa
24 Defendants operate the properties as an integrated farm; collectively, they have a single
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26

account for each of the water districts. That account dictates how water is used across the farm.

11. Water that is obtained from the water districts is delivered by a complex network of pipes to the parcels without regard to who owns the underlying property or who it is collateralized by. Water wells exist but they are placed based on the best source of the water, not according to parcel or what lender owns the underlying collateral. There is no distinction based on which lender identifies the parcel as collateral. Pipelines cut across fields. A parcel pledged as collateral to Plaintiffs may or may not have a well. Similarly, some areas receive water from a canal. The canal has turnouts on particular parcels; parcels without turnouts rely on water from the integrated business. If the relief requested by Plaintiffs is granted, properties would be cut off from the integrated whole and would not get water. Without water, the trees on the properties would die and the properties would subsequently be materially devalued.

12. The Maricopa Defendants have received expressions of interest from buyers who wish to acquire both the Maricopa farming assets and the Touchstone processing assets. There is significant value that can be generated from the integrated enterprise from economies of scale on cost management and pricing for delivery of large volumes, and value that could be lost by the sale of individual parcels without regard to the impact on other properties within the enterprise. To maximize value, the sale of the enterprise must be coordinated.

[Signature on next page]

I declare under the penalty of perjury that the foregoing is true and correct.

Executed by:


JASON HOLLRAH

Date: February 26, 2025

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1 CERTIFICATE OF SERVICE
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3 I hereby certify that on February 26, 2025:

4
5 (i) I caused the foregoing to be electronically filed with the Clerk of the Court
6 using the CM/ECF system, which will send notification of such filing to the
7 email addresses denoted on the Notice of Electronic Filing, including the
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